

## Message Text

LIMITED OFFICIAL USE

PAGE 01 JAKART 10069 291011Z

ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EA-07 NEA-10 ISO-00 ERDA-05

AID-05 CEA-01 CIAE-00 COME-00 DODE-00 FEAE-00

FPC-01 H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-05 USIA-06 OES-07 SP-02 SS-15 STR-04

TRSE-00 ACDA-07 /126 W

-----000358 291159Z /43

R 290800Z JUL 77

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 2772

INFO AMEMBASSY ABU DHABI

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY KUALA LUMPUR

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMCONSUL MEDAN

AMEMBASSY SINGAPORE

AMCONSUL SURABAYA

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY JIDDA

LIMITED OFFICIAL USE JAKARTA 10069

E.O. 11652: N/A

TAGS: ENRG, ID

SUBJECT: INDOESIAN CRUDE EXPORTS

1. RECENT PRESS STATEMENTS BY PERTAMINA PRESIDENT HARYONO AND MINES MINISTER SADLI HAVE EXPRESSED VIEW THAT INDONESIAN CRUDE EXPORTS, PARTICULARLY TO U.S., WILL NOT IMMEDIATELY BE AFFECTED BY NORTH SLOPE OIL OR BY OPEC'S PRICE SPLIT ON HEAVY CRUDES. HOWEVER, SHARP DROP IN SALES TO U.S. DURING LATTER PART OF

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 JAKART 10069 291011Z

JULY HAS CAUSED CONCERN WITHIN PERTAMINA THAT U.S. MARKET MAY NOT BE AS BUOYANT AS ANTICIPATED.

2. JAKARTA'S LOCAL DAILIES HAVE QUOTED PERTAMINA PRESIDENT PIET HARYONO AS STATING THAT ALASKA AND NORTH SEA CRUDE OIL WILL NOT AFFECT INDONESIA'S MARKET POSITION IN U.S. AND ELSEWHERE "AT LEAST UNTIL 1978." HARYONO CLAIMED INDONESIA'S

LOW SULFUR CRUDE WOULD BE ABLE TO COMPETE WITH ALASKAN HIGHER SULFUR CRUDES IN WEST COAST MARKETS. HARYONO'S STATEMENT WAS MADE TO PRESS FOLLOWING MEETING WITH PRESIDENT SUHARTO DURING WHICH LATTER WAS BRIEFED ON OUTCOME OF OPEC MEETING IN SWEDEN.

3. IN ASIAN WALL STREET JOURNAL INTERVIEW LAST WEEK, MINES MINISTER SADLI SAID THAT HE DOESN'T FORESEE ANY MARKETING PROBLEMS ARISING FROM CURRENT HEAVY CRUDE PRICING DISPUTE AFFECTING CERTAIN GULF PRODUCERS. SADLI EXPLAINED INDONESIAN LIGHT CRUDES HAD NO PRICE DIFFERENTIAL PROBLEMS WITH HEAVIER PERSIAN GULF OIL. HE NOTED THAT QUESTION OF HEAVY PRICE DIFFERENTIALS AROSE IN RECENT OPEC CONFERENCE IN SWEDEN; DELEGATES QUICKLY SHUNTED THIS ISSUE ASIDE TO BE WORKED OUT IN SEPARATE MEETINGS BY THOSE MEMBERS INVOLVED.

4. EMBOFF DISCUSSED CURRENT INDONESIAN CRUDE EXPORT PERFORMANCE WITH P. SIREGAR, PERTAMINA'S DIRECTOR OF FOREIGN MARKETING, WHO WAS LESS CONFIDENT ABOUT FUTURE SALES, PARTICULARLY TO U.S. SIREGAR SAID INDONESIAN EXPORTS THROUGH MAY HAD REMAINED BUOYANT AT 1.31 MILLION B/D. OF THIS, 717,000 B/D WENT TO JAPAN, 454,000 B/D WAS FOR U.S. AND 142,000, OTHER COUNTRIES. SAME TREND HAD PREVAILED THROUGH JUNE. HOWEVER, SALES TO U.S. DURING LATTER HALF OF JULY HAD DROPPED SHARPLY, LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 JAKART 10069 291011Z

AS MUCH AS 100,000 B/D DOWN, BASED ON VERY PRELIMINARY FIGURES. ADMITTING IT WAS TOO SOON TO PREDICT ANY TREND, SIREGAR SAID HE WAS "WORRIED" BY THIS DEVELOPMENT. SOME BUYERS HAD STARTED CUTTING BACK ON SCHEDULED NOMINATIONS, LEAVING INDONESIA WITH EXTRA OIL ON ITS HANDS.

5. SIREGAR ATTRIBUTED DROP TO CURRENT GLUT OF OIL ON MARKET PARTICULARLY AMONG WEST COAST REFINERS WHO STILL HAD CARRYOVER STOCKS LEFT FROM LAST WINTER. HE THOUGHT MANY OF THEM HAD PURCHASED HEAVILY IN LATE SPRING IN ANTICIPATION OF OPEC PRICE HIKE IN JULY. IT WAS POSSIBLE SOME OF THEM WERE WAITING TO SEE HOW ALASKAN CRUDE WOULD BE PRICED AND DISTRIBUTED. SIREGAR ALSO EXPRESSED SOME DISSATISFACTION WITH JOB PERTA OIL, LOS ANGELES-BASED MARKETING AFFILIATE OF PERTAMINA, WAS DOING IN LINING UP NEW SALES. WITH REGARD TO JAPAN EXPORTS, PERTAMINA HAD NO SERIOUS PROBLEMS; MARKET FOR INDONESIAN CRUDE HAD REMAINED STEADY.

6. SIREGAR DOWNPLAYED PRICING PROBLEMS. INDONESIAN CRUDES WERE STILL COMPETITIVE AT PRESENT PRICES, HE FELT

MAIN PROBLEM AT MOMENT WAS WITH MINAS CRUDE WPCH WAS FACING SOME SOFT DEMAND. PERTAMINA'S SALES OF MINAS HAD DROPPED 30,000 B/D IN LAST TWO WEEKS. AS RESULT, PERTAMINA WAS LOOKING FOR ALTERNATE BUYERS AND SIREGAR SAID HE WOULD BE WILLING DISCUSS IMMEDIATE SPOT SALE FOR, SAY, 20,000 B/D. SIREGAR GAVE NO HINT OF ANY IMPENDING PRICE DISCOUNTING AND ADDED CREDIT TERMS REMAINED ON 30-DAY BASIS. (IN SUBSEQUENT CONVERSATION, HOWEVER, HE ADMITTED PERTAMINA COULD DISPOSE OF ITS OIL IF "INCENTIVES" COULD BE OFFERED TO BUYERS.)

7. COMMENT: RECENT MARKETING STUDY BY WALTER LEVY ASSOCIATES FOR GOI MIGHT HAVE BEEN BASIS FOR OPTIMISTIC STATEMENTS BY SADLI AND HARYONO. STUDY, WHICH WAS MADE IN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 JAKART 10069 291011Z

MID-MAY, GENERALLY GAVE UPBEAT ASSESSMENT OF COMPETITIVENESS OF INDONESIAN CRUDES. COMPARED WITH ARABIAN OIL, INDONESIAN CRUDE ENJOYED ADVANTAGE OF ABOUT \$.80/BARREL IN BOTH U.S. AND JAPANESE MARKETS BECAUSE OF LOWER SULFUR CONTENT, SIMPLICITY OF REFINING AND TRANSPORTATION ADVANTAGE. END COMMENT.  
NEWSOM

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EXPORTS, PETROLEUM, PRESS COMMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 29-Jul-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977JAKART10069  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770272-0542  
**Format:** TEL  
**From:** JAKARTA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t1977075/aaaaaecz.tel  
**Line Count:** 144  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 1501366a-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 11-Feb-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1839848  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** INDOESIAN CRUDE EXPORTS  
**TAGS:** ENRG, ID  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/1501366a-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009